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November 15, 2024

Regulatory Commission of Alaska  
701 West Eighth Avenue, Suite 300  
Anchorage, Alaska 99501

Subject: Tariff Advice Letter 58-733

Dear Commissioners:

The tariff filing described below is transmitted to you for filing in compliance with Sections 3 AAC 48.200 - 3 AAC 48.430 of the Alaska Administrative Code and as required to comply with LO #L2300411. The following tariff sheets are submitted for approval:

<u>Tariff Sheet</u>		<u>Cancels Sheet</u>		<u>Schedule or Rule Number</u>
<u>Number</u>	<u>Revision</u>	<u>Number</u>	<u>Revision</u>	
14	Fourth	14	Third	Section 4.4
21	Fifth	21	Fourth	Section 5.3d)
47	Fourth	47	Third	Section 18.3
75	13th	75	12th	Section 35
76	13th	76	12th	Section 35
83	Fourth	83	Third	Section 37
97	First	97	Original	Section 40.3A.
101	First	101	Original	Section 40.3H.
102	First	102	Original	Section 40.3I.
103	First	103	Original	Section 40.4

LO #L2300411 approved the form 2023 Expansion Firm Storage Service Agreement (“2023 Expansion FSS Agreement”) between Cook Inlet Natural Gas Storage Alaska, LLC (“CINGSA”) and ENSTAR Natural Gas Company, LLC (“ENSTAR”) and required CINGSA to file proposed inception rates based on actual capital expenditures as a new tariff advice filing at least 45 days before providing expansion service under the agreement. This tariff revision contains CINGSA’s proposed 2023 Expansion Inception Rates for 2023 Expansion FSS under the 2023 Expansion FSS Agreement.<sup>1</sup>

CINGSA requests that the Commission allow the requested rates to become effective immediately upon filing to allow the 2023 Expansion Customer to start utilizing this new firm

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<sup>1</sup> Capitalized terms and acronyms not defined in this tariff advice letter are defined in CINGSA’s tariff.

storage service during the current heating season.

## I. Background

On November 3, 2023, CINGSA filed TA55-733 requesting Commission approval of: (1) the form 2023 Expansion FSS Agreement between CINGSA and ENSTAR; (2) related tariff sheets; and (3) 2023 Expansion Inception Rates. On December 18, 2023, the Commission issued LO #L2300411 which approved the form 2023 Expansion FSS Agreement and related tariff sheets.<sup>2</sup> As for the 2023 Expansion Inception Rates, the Commission directed CINGSA to, “file proposed inception rates based on actual capital expenditures as a new tariff advice filing at least 45 days before providing expansion service under the agreement.”<sup>3</sup>

This filing for 2023 Expansion Inception Rates fulfills CINGSA’s remaining requirement under LO #L2300411. The 2023 Expansion Inception Rates only apply to service under the 2023 Expansion FSS Agreement between CINGSA and ENSTAR and does not apply to CINGSA’s Initial Capacity FSS customers or existing Interruptible Storage Service (“ISS”) customers.

## II. 2023 EXPANSION INCEPTION RATES AND PROCESS

CINGSA developed the 2023 Expansion Inception Rates proposed in this filing according to the requirements set forth in CINGSA Tariff Section 29.2(c):

Costs allocated to Expansion Project services will be rolled in with all CINGSA costs if the rates established thereby for existing CINGSA services would be lower than existing rates. Otherwise, costs will be allocated to Expansion Project services on an incremental basis. In such case, only the costs of the Expansion Project will be allocated to services associated with the Expansion Project.

The inception rates are based upon CINGSA’s updated cost of service which includes actual construction costs, operational information from its existing service, assumptions from its June 14, 2024 Formula Rate Mechanism Annual Revision (“FRMAR”) filing,<sup>4</sup> as well as an estimate of the remaining capital costs and estimated operating and maintenance costs for the 2023 Expansion Project. CINGSA’s analysis indicates that inclusion of the 2023 Expansion Project with all CINGSA costs would increase the rates established for CINGSA’s existing services. Therefore, as provided by Tariff Section 29.2(c), CINGSA

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<sup>2</sup> The Commission also required CINGSA to file a validated copy of the signed agreement as a supplemental filing in TA55-733. CINGSA filed the executed 2023 Expansion FSS Agreement on December 19, 2023 and it was approved by the Commission in LO #L2300415, effective the same day.

<sup>3</sup> LO #L2300411 at page 1.

<sup>4</sup> TA57-733, approved in LO #L2400227, July 19, 2024. The FRMAR process is set out in Section 40 of CINGSA’s tariff.

calculated the rates for the 2023 Expansion Project on an incremental basis. The financial data and rate calculation schedules supporting the inception rates are enclosed as Attachment A. CINGSA is using a similar format for the revenue requirement calculation as it uses for its 3 AAC 48.275(a) and FRMAR filings for consistency and efficiency of evaluation by the Commission.

*A. Calculation of 2023 Expansion Inception Revenue Requirement and Rates*

As of October 31, 2024, CINGSA's capital costs for the 2023 Expansion Project were \$31.7 million. CINGSA projects spending an additional \$35.3 million in capital costs, for a total of \$67 million for the 2023 Expansion Project. This represents a reduction of \$5 million from the original estimated project cost of \$72 million.<sup>5</sup> Property taxes and depreciation expenses have also been reduced based on the revised capital cost estimate. CINGSA estimates operating costs for 2023 Expansion Project of \$681,000<sup>6</sup> excluding depreciation and amortization. As shown on page 5 of Attachment A, CINGSA has calculated depreciation rates for the 2023 Expansion Project assets utilizing the projected lives and future net salvage value percentages for the relevant asset classes that were provided in the depreciation study approved by the Commission in Order U-18-043(15).<sup>7</sup> In addition to plant, the rate base calculation presented on page 2 of Attachment A contains a cash working capital allowance prepared using the 1/8<sup>th</sup> of utility operating expenses formula (less depreciation) set by past Commission practice for establishing inception rates.<sup>8</sup>

CINGSA funded the 2023 Expansion Project with a combination of its members' equity and long-term debt to maintain its capital structure at approximately the same ratio as used in CINGSA's June 2024 FRMAR (from Docket U-21-058). CINGSA secured new long-term debt to not only cover the needs of the 2023 Expansion Project but to also maintain the capital structure accepted in Docket U-21-058 by restoring a portion of its current long-term debt that has been paid down in recent years. As shown on page 3 of Attachment A, CINGSA is utilizing a weighted cost of debt, applying both the existing long-term debt and the estimated new debt amount, as well as an estimated interest rate.<sup>9</sup> The remainder of the weighted cost of capital calculation utilizes the capital structure and the cost of equity accepted in Docket U-21-058 (as utilized in the June 2024 FRMAR).

The 2023 Expansion Inception Rates revenue requirement calculation is shown on page 4 of Attachment A. It shows total operating expenses of \$2,169,499, taxes of

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<sup>5</sup> The anticipated plant investment by account is listed on page 5 of Attachment A.

<sup>6</sup> Pages 1 and 4 of Attachment A.

<sup>7</sup> As provided in the depreciation study by William W. Dunkel, witness on behalf of the Office of the Attorney General, Regulatory Affairs & Public Advocacy Section (RAPA).

<sup>8</sup> For example, see Schedule 5 of the Schedules for Financial Data in the RCA's Application For A New Or Amended Certificate Of Public Convenience And Necessity.

<sup>9</sup> Note that Tariff Section 40.3.E.1.a requires CINGSA to recalculate its weighted cost of debt in its FRMAR if it refinances existing long-term debt or issues new or additional long-term debt.

\$1,983,481, and a return on investment of \$5,808,635 on a \$67,131,667 rate base, for a total revenue requirement of \$9,961,616.

The 2023 Expansion Inception Rates are derived from the total revenue requirement using the amounts of MSQ (2 Bcf) and CWQ/MDWQ (65,000 Mcf/day) set out in Appendix A of the 2023 Expansion FSS Agreement, which also equals CINGSA's expected additional capacity in MSQ and MDWQ. As such, the 2023 Expansion Project is fully contracted, as is the Initial Capacity of CINGSA. CINGSA used the same rate design for the 2023 Expansion Inception Rates as it used for its Initial Capacity Customers: variable costs<sup>10</sup> are assigned to the injection/withdrawal rate and the fixed costs are split 50/50 between the reservation and capacity rates.<sup>11</sup>

The Overrun Storage Service Rate, and ISS Rate calculation for the 2023 Expansion Project are shown on page 8 of Attachment A.

CINGSA requests Commission approval of these 2023 Expansion Inception Rates presented in Attachment B.

*B. 2023 Expansion Inception Rates Update Process*

The proposed 2023 Expansion Inception Rates in this TA filing are based on actual construction costs incurred, estimated costs to complete construction, estimated costs to provide 2023 Expansion FSS, updated debt costs, and other items that are known or can be estimated.

Following the first full calendar year of operations of the 2023 Expansion Project, CINGSA will update the 2023 Expansion Rates in its FRMAR filing in the same manner as it updates the rates for its Initial Capacity Customers.

*C. Non-Firm Revenue Sharing*

CINGSA will share 100% of 2023 Expansion Tariff Rate revenues charged under Overrun Storage Service Rate, Excess Storage Service Charge, ISS Rate, and ISS Injection/Withdrawal Commodity Rate set out in Sections 35.1 and 35.2 of CINGSA's Tariff with its 2023 Expansion Customer. CINGSA uses a similar methodology to share Initial Capacity ISS, Overrun Storage Service, and Excess Storage Service Charge revenues with its Initial Capacity Customers.

### **III. SUMMARY OF TARIFF SHEET REVISIONS**

The revisions to the enclosed tariff sheets (provided as Attachment B) are summarized below:

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<sup>10</sup> Shown on page 6 of Attachment A.

<sup>11</sup> The derivation of FSS rates is shown on page 7 of Attachment A.

Sheet 14: Added language to Section 4.4 to include distinction between Initial Capacity Customers and Expansion Customers.

Sheet 21: Added new Section 5.3d) to include clarification of the application of Initial Capacity Customers and Expansion Customer ISS Rates.

Sheet 47: Updated Section 18.3 to include distinction between Initial Capacity Customers and Expansion Customers and clarify pro rata of services.

Sheet 75: Modifications to Section 35.1 Rate Schedule FSS, adding Expansion Tariff Rates.

Sheet 76: Modifications to Section 35.2 Rate Schedule ISS, adding Expansion Tariff Rates.

Sheet 83: Updated Section 37.3 to clarify how Eligible Non-Firm Revenue will be returned to Initial Capacity Customers and Expansion Customers.

Sheet 97: Updated Section 40.3A. to include the 2023 Expansion into CINGSA's FRMAR process.

Sheet 101: Updated Section 40.3H. to include the 2023 Expansion into CINGSA's FRMAR process.

Sheet 102: Updated Section 40.3I. to include the 2023 Expansion into CINGSA's FRMAR process.

Sheet 103: Updated Section 40.4 to include the 2023 Expansion into CINGSA's FRMAR process.

#### **IV. Future Tariff Revisions**

In TA55-733, CINGSA explained the open season process that it followed to solicit interest and participation in the 2023 Expansion Project. During this process, ENSTAR was the only Initial Capacity Customer that provided notice it was prepared to participate in the expansion and the only Customer to enter into a 2023 Expansion FSS Agreement. CINGSA's other Initial Capacity Customers, Chugach Electric Association, Inc. and Alaska Energy and Electric Cooperative, Inc. and Homer Electric Association, Inc. (jointly "HEA"),<sup>12</sup> did not participate. CINGSA is cognizant of the Commission's concern regarding a potential "public goods problem" if a non-participating Initial Capacity Customer benefits from additional facilities without paying for them.<sup>13</sup> CINGSA will monitor and evaluate the operation of the 2023 Expansion Project, and if necessary, propose additional tariff revisions

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<sup>12</sup> HEA is currently an ENSTAR gas sales customer and has assigned any and all CINGSA storage service agreements to ENSTAR under special contract. TA342-4, approved in LO #L2400086, March 18, 2024.

<sup>13</sup> See Order U-18-024(17), *Order Denying Petition, in Part, and Closing Docket*, Feb. 28, 2019 at 67-70.

to ensure that the 2023 Expansion Customer who is paying for the facilities appropriately receives the benefits.

## **V. NOTICE**

3 AAC 48.280 states that the Commission may prescribe an additional means by which a tariff filing is noticed to the public. CINGSA is electronically serving a copy of this filing to all of its customers with effective FSS or ISS agreements, which meets the requirements of 3 AAC 48.280(2). It will also provide notice of this filing on its website, with a link to the entire filing. CINGSA requests the Commission consider this notice sufficient, however, it will additionally provide public notice through print newspaper publication, if so required.

## **VI. INTERIM AND REFUNDABLE RATES AND WAIVER OF STATUTORY REVIEW PERIOD**

ENSTAR requested injection service, under the 2023 Expansion FSS Agreement, to begin when CINGSA has capacity to perform the service so that ENSTAR is able to prepare for the upcoming heating season.<sup>14</sup> CINGSA requests that the Commission allow the 2023 Expansion Inception Rates to go into effect on an interim and refundable basis immediately upon filing, while Commission review is pending. CINGSA advises the Commission that it elects to pay the statutory interest rate of 10.5% per annum on any potential future refunds and will keep an accurate accounting of all amounts received as a result of the interim and refundable rate.

The Commission has experience allowing a utility to put rates into effect immediately while conducting a more thorough review. For example, 3 AAC 52.506(b) allows a gas utility to implement a gas cost adjustment revision immediately upon filing. CINGSA requests that the Commission authorize a similar procedure for TA58-733. CINGSA understands that its Customer, ENSTAR, is preparing for the upcoming heating season and will need to inject any available natural gas into CINGSA's storage facility under the 2023 Expansion FSS Agreement for use during the upcoming winter. Immediate interim approval will position CINGSA to provide this new service when it is required. The refundable nature of the interim rates will protect ENSTAR against any potential over-recovery by CINGSA during the statutory review. ENSTAR does not object, to and affirmatively supports, the request for immediate interim approval. The necessity to prepare for the upcoming winter heating season described above demonstrates good cause for a waiver of the statutory notice period under 3 AAC 48.300(a). CINGSA requests the Commission to exercise 3 AAC 48.300(b)(2), and grant the effective date immediately upon filing, or as soon as reasonably possible thereafter.

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<sup>14</sup> The estimated in-service date was November 15, 2024 per the executed 2023 Expansion FSS Agreement filed on December 19, 2023 and approved in LO #L2300415.

## VII. CONCLUSION

CINGSA respectfully requests that the Commission approve the 2023 Expansion Inception Rates and tariff sheets immediately on an interim basis, and then on a permanent basis after Commission review at the conclusion of the statutory notice period.

If you have any questions, please contact Chelsea Guintu at (907) 334-7620.

Sincerely,

Cook Inlet Natural Gas Storage Alaska, LLC



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Enclosures:

Attachment A: Inception Rates Financial Data and Rate Calculations  
Attachment B: Tariff Sheets

**CERTIFICATE OF SERVICE**

I hereby certify that on November 15, 2024 a true and correct copy of TA58-733 was served via e-mail on the following:

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Nathan Enslow  
Regulatory Analyst

**COOK INLET NATURAL GAS STORAGE ALASKA, LLC**

**ANTICIPATED OPERATING REVENUES AND EXPENSES**

	<b>Expansion</b>
<b>OPERATING REVENUE</b>	
Firm Service	9,961,616
Interruptible Service	-
Late Fees	-
	-
Total Operating Revenue	9,961,616
<b>OPERATING EXPENSES</b>	
Underground Storage	420,800
Customer Accounting	-
Administrative and General	260,072
Depreciation and Amortization	1,488,627
	1,488,627
Total Operating Expenses	2,169,499
<b>STATE AND FEDERAL TAXES</b>	
Ad Valorem and Misc	288,100
State Income Tax	560,634
Federal Income Tax	1,134,747
	1,134,747
Total State and Federal Taxes	1,983,481
	1,983,481
<b>NET UTILITY OPERATING INCOME</b>	<b>5,808,635</b>

**COOK INLET NATURAL GAS STORAGE ALASKA, LLC**

**ANTICIPATED RATE BASE**

	<b>Expansion</b>
<b>PLANT IN SERVICE</b>	
Gas Utility Plant	67,000,099
Depreciation Reserve	-
Completed Not Classified	-
Construction Work in Progress	-
Total Plant in Service	67,000,099
<b>OTHER ASSETS</b>	
Gas Stored-Base Gas	-
Unamortized Software	-
Total Other Assets	-
<b>WORKING CAPITAL</b>	
Cash Working Capital Allowance	85,109
Materials and Supplies	-
Prepayments	-
Debt Expense	-
Total Working Capital	85,109
<b>REGULATORY ASSETS</b>	
Deferred Expansion Charges	46,459
Well Surcharges	-
Total Regulatory Assets	46,459
<b>NON-INVESTOR SUPPLIED CAPITAL</b>	
Deferred Income Taxes	-
Net Asset Retirement Obligation	-
Total Non-Investor Supplied Capital	-
<b>TOTAL RATE BASE</b>	<b>67,131,667</b>

**COOK INLET NATURAL GAS STORAGE ALASKA, LLC**

**REQUESTED WEIGHTED COST OF CAPITAL**

<b>Updated for Expansion Project</b>					
Long-term Debt	40.01%	26,859,871	5.73%	2.29%	1,539,825
Common Equity	<u>59.99%</u>	<u>40,271,796</u>	10.60%	<u>6.36%</u>	<u>4,268,810</u>
 Total	 100.00%	 67,131,667		 8.65%	 <u><u>5,808,635</u></u>
 4.48% Senior 82M Due 2032*		34,492,000	4.48%		1,545,242
New Debt Due 2026		46,427,330	6.01%		2,790,283
Amortization of Debt Expense 2032		(842,345)			71,944
Amortization of New Debt 2026		(86,505)			64,879
Loss on Recquired Debt 2032		<u>(794,140)</u>			<u>67,827</u>
		79,196,341	5.73%		4,540,174

\*Updated with anticipated remaining balance at starting of expansion service.

**COOK INLET NATURAL GAS STORAGE ALASKA, LLC**

**ANTICIPATED REVENUE REQUIREMENT**

	<b>Expansion</b>
<b>OPERATING EXPENSES</b>	
Underground Storage	420,800
Customer Accounting	-
Administrative and General	260,072
Depreciation and Amortization	<u>1,488,627</u>
Total Operating Expenses	2,169,499
<b>STATE AND FEDERAL TAXES</b>	
Ad Valorem and Misc	288,100
State Income Tax	560,634
Federal Income Tax	<u>1,134,747</u>
Total State and Federal Taxes	1,983,481
<b>RATE BASE</b>	
Plant In Service	67,000,099
Other Assets	-
Working Capital	85,109
Regulatory Assets	46,459
Non-Investor Supplied Capital	<u>-</u>
Total Rate Base	67,131,667
<b>REQUESTED RATE OF RETURN</b>	8.65%
<b>RETURN ON INVESTMENT</b>	<u>5,808,635</u>
<b>REVENUE REQUIREMENT</b>	<u><u>9,961,616</u></u>

**COOK INLET NATURAL GAS STORAGE ALASKA, LLC**

**CALCULATION OF DEPRECIATION EXPENSE FOR EXPANSION PROJECT**

<b>Account A</b>	<b>Description B</b>	<b>Anticipated Investment C</b>	<b>Book Reserve D</b>	<b>Future Net Salvage % E</b>	<b>Projected Life F</b>	<b>Rate ( 1 -E )/F = G</b>	<b>Annual Accrual ( C x G ) = H</b>
351.0	Structures and Improvements	7,720,937	-	-5%	46	2.28%	176,239
352.0	Wells	38,243,904	-	-10%	54	2.04%	779,042
354.0	Compressors	12,865,572	-	-5%	43	2.44%	314,159
356.0	Purification Equipment	<u>8,169,686</u>	-	-10%	41	2.68%	<u>219,187</u>
		<u>67,000,099</u>					<u>1,488,627</u>

Note E: Net Salvage Value % as provided in Mr. Dunkles depreciation study which was approved in Order U-18-043(15)

Note F: Projected Lives as provided in Mr. Dunkles's depreciation study which was approved in Order U-18-043(15)

**COOK INLET NATURAL GAS STORAGE ALASKA, LLC**  
**CLASSIFICATION OF COSTS BETWEEN FIXED AND VARIABLE**

<b>As Anticipated for CINGSA's Expansion</b>			
	<b>Normalized Test</b>		
	<b>Year</b>	<b>Fixed</b>	<b>Variable</b>
<b>OPERATING EXPENSES</b>			
Underground Storage	420,800	240,300	180,500
Customer Accounting	-	-	-
Administrative and General	260,072	260,072	-
Depreciation and Amortization	1,488,627	1,488,627	-
Ad Valorem and Misc	288,100	288,100	-
State Income Tax	560,634	560,634	-
Federal Income Tax	1,134,747	1,134,747	-
<b>EXPANSION RETURN ON INVESTMENT</b>	<u>5,808,635</u>	<u>5,808,635</u>	<u>-</u>
<b>EXPANSION REVENUE REQUIREMENT</b>	<u>9,961,616</u>	<u>9,781,116</u>	<u>180,500</u>
<b>PERCENTAGE</b>	<u>100.0%</u>	<u>98.2%</u>	<u>1.8%</u>

**EXPANSION VARIABLE UNDERGROUND STORAGE EXPENSES (NON-LABOR EXPENSE)**

	<b>FERC Acct #</b>	<b>Anticipated Expense</b>	<b>Anticipated Labor Expense</b>	<b>Anticipated Variable</b>
Stg Ops-Comp Stations	81800	121,294	21,294	100,000
Stg Ops-Purification	82100	56,239	16,239	40,000
Stg Maint-Comp Sta Equip	83400	56,392	15,892	40,500
				<u>180,500</u>

**COOK INLET NATURAL GAS STORAGE ALASKA, LLC**

**DERIVATION OF FSS RATES**

<u>REVENUE REQUIREMENT</u>				<u>BILLING UNITS</u>			<u>RATES</u>		
Total Revenues	Storage Capacity	Withdrawal Capacity	Injections/Withdrawals	Maximum Storage Quantity	Max. Daily Withdrawal Quantity	Injections/Withdrawals	Maximum Storage Capacity	Maximum Withdrawal Quantity	Injections/Withdrawals
100%	49.1%	49.1%	1.8%	Bcf	Mcf/Day	Mcf	Mcf/Month	Mcf/Month	Mcf
\$ 9,961,616	\$ 4,890,558	\$ 4,890,558	\$ 180,500	2.0000	65,000	1,840,000	\$ 0.2038	\$ 6.2699	\$ 0.0981

**COOK INLET NATURAL GAS STORAGE ALASKA, LLC**

**CLASSIFICATION OF NON-FIRM RATES**

**As Anticipated for CINGSA's Expansion**

**EXPANSION OVERRUN STORAGE SERVICE RATE**

(Withdrawal Quantity (/Mcf/Month) Reservation Rate ÷ Average Number of Days in a Month) + Injection/Withdrawal Rate

$$(\$6.2699 \div 30.4) + \$0.0981 = \$ 0.3043 /Mcf$$

**EXPANSION ISS RATE**

ISS Rate

(Withdrawal Quantity (/Mcf/Month) Reservation Rate ÷ Average Number of Days in a Month) + Storage Quantity (/Mcf/Month) Capacity Rate

$$(\$6.2699 \div 30.4) + (\$0.2038) = \$ 0.4100 /Mcf$$

# Attachment B

Contains the following tariff sheets:

Tariff Sheet 14, Revision 4

Tariff Sheet 21, Revision 5

Tariff Sheet 47, Revision 4

Tariff Sheet 75, Revision 13

Tariff Sheet 76, Revision 13

Tariff Sheet 83, Revision 4

Tariff Sheet 97, Revision 1

Tariff Sheet 101, Revision 1

Tariff Sheet 102, Revision 1

Tariff Sheet 103, Revision 1

### **Cook Inlet Natural Gas Storage, Alaska, LLC**

4.3	CINGSA is not required to construct, modify, or acquire any facilities to provide FSS for a Customer who requests FSS under these Rules and Regulations and Rate Schedule after the Commencement Date. This Section does not apply to Requested Expansion Capacity or an Expansion Project under Section 29.	
4.4	Seller shall have the right to curtail on a pro rata basis or discontinue FSS to an Initial Capacity Customer or Expansion Customer, in whole or in part, on all or a portion of the CINGSA Facility at any time for reasons of Force Majeure or to make scheduled modifications, repairs, operating changes, or for scheduled maintenance or testing, subject to Section 34.2 hereof. Seller shall issue an OFO (as defined in Section 32) when it identifies an occurrence of any condition that is likely to lead to a curtailment of an Initial Capacity or Expansion FSS Customer's deliverability.	<b>C</b> <b>C</b> <b>C</b>
4.5	Applicability and Characteristics of Service: Section 4 shall apply to all FSS which is rendered by Seller for Customer pursuant to an executed Agreement under this Section. Storage Service under this Section shall be firm up to the MSQ and shall be firm up to the MDWQ and MDIQ on any Day. The MSQ, the CIQ, the CWQ, the MDWQ and MDIQ shall be specified in the executed FSS Agreement. FSS rendered by Seller under this Section shall consist of:	

## Cook Inlet Natural Gas Storage, Alaska, LLC

and Customer shall remove the stored quantities and/or return the Gas quantities within the time frame specified by Seller's notice, which in no instance shall be less than one (1) Day. Any stored quantities not removed within the time frame specified by Seller's notice shall become the property of Seller at no cost to Seller, free and clear of any adverse claims. However, if Customer was unable to withdraw its ISS Storage Quantity due to an interruption of Customer's withdrawal service by Seller during the last 14 Days before termination, Seller will provide Customer a grace period following the expiration of the Agreement of one Day for each Day Customer was unable to withdraw Gas due to said interruption. In addition, any Gas quantities not returned within the time frame specified by Seller's notice shall be sold to Customer at 150% of the price Seller paid to obtain substitute gas.

- 5.3 ISS Rates and Charges: The amounts which shall be paid by Customer to Seller for each Month during the period of service hereunder shall include the sum of the charges due under this Section that are applicable to Customer for such Month, computed by use of the applicable rates set forth under the Rate Schedule ISS (Section 35.2) which are effective during such Month or portions thereof.
- a) ISS Rate: As set forth on Rate Schedule ISS, shall be paid each Month on both the maximum quantity of Gas which is stored for the Customer for the Month and the maximum quantity of Gas which is loaned to the Customer during the Month, pursuant to Customer's ISS Agreement.
  - b) ISS Injection/Withdrawal Commodity Rate: As set forth on Rate Schedule ISS, shall be paid each Month for each Mcf of Gas which is delivered to or for the account of Customer by Seller and each Mcf of Gas Customer delivers or causes to be delivered (less the applicable Injection/Withdrawal Fuel Use Percentage) at the Point of Injection/Withdrawal during the Month. Such charges shall be applicable both on injection and on withdrawal.
  - c) Seller's Injection/Withdrawal Fuel Use Charge: Customer shall furnish the Gas for Seller's Injection/Withdrawal Fuel Use in the provision of storage services as set out in Section 30.2 of this Tariff. Seller may agree that Customer may purchase from Seller Equivalent Fuel Use quantities of Gas to cover Customer's obligation for the Seller's Injection/Withdrawal Fuel Use.
  - d) On Rate Schedule ISS, "Initial Capacity Tariff Rates" apply to Initial Capacity Customers, and pursuant to Section 29.2c), "2023 Expansion Tariff Rates" apply to the Customers with 2023 Expansion ISS Agreements. **N,C**

### **Cook Inlet Natural Gas Storage, Alaska, LLC**

18.3	Scheduling of Storage and Allocation of Service: For each Day, Seller will schedule injections and withdrawals of Gas, on the basis of: Storage nominations made by Initial Capacity Customers and Expansion Customers (which Seller is hereby authorized to rely upon in its scheduling); Storage capacity available on Seller's system in light of nominations and requests; and overall operating conditions from time to time. If, on any Day, Seller determines that the capacity of its system is insufficient to serve all Storage nominations scheduled for such Day, or to accept the quantities of Gas tendered, capacity shall be allocated to provide service in the following order:	<b>C</b>
a)	In scheduling FSS nominations on any Day when Initial Capacity or Expansion FSS capacity is constrained, Seller shall allocate the available Initial Capacity or Expansion service on a pro rata basis based upon each Customer's effective MDIQ or MDWQ volumes to the effective MDIQ or MDWQ daily injection or withdrawal volumes of all Initial Capacity or Expansion FSS Customers nominating volumes on such Day. If the capacity constraint affects Initial Capacity Customers service, the remaining available Initial FSS capacity shall be allocated ratably between those Customers. If the capacity constraint affects Expansion FSS Customers service, the remaining available Expansion FSS capacity shall be allocated ratably between those customers.	<b>C</b> <b>C</b> <b>C</b> <b>C</b> <b>C</b> <b>C</b> <b>C</b> <b>C</b> <b>C</b> <b>C</b>
b)	In scheduling nominated quantities for FSS Overrun Storage Service or ISS hereunder; after providing for FSS service, and to the extent there is remaining capacity, Seller shall allocate service ratably. A Customer's share of remaining capacity is calculated as a Customers' good faith nominations for FSS Overrun Storage Service and ISS divided by the total good faith nominations for FSS Overrun Storage Service and ISS.	
c)	In scheduling nominated quantities for FSS Excess Storage Service or ISS hereunder; after providing for FSS service, and to the extent there is remaining capacity, Seller shall allocate service ratably. A Customer's share of remaining capacity is calculated as a Customers' good faith nominations for FSS Excess Storage Service and ISS divided by the total good faith nominations for FSS Excess Storage Service and ISS.	

**Cook Inlet Natural Gas Storage Alaska, LLC**

SECTION 35    RATE SCHEDULES AND OTHER CHARGES

35.1    RATE SCHEDULE FSS - FIRM SERVICE

As provided for in Section 4.6.

a)    Statement of FSS Rates:

		Initial Capacity Tariff Rate per Mcf	2023 Expansion Tariff Rate per Mcf	<b>T</b>  <b>C,N</b> <b>C,N</b> <b>N</b> <b>N</b>
FSS Reservation Rate – Applied to Customer’s Contract Withdrawal Quantity	Monthly	\$5.0288	\$6.2699	<b>N</b>
FSS Capacity Rate – Applied to Customer’s Total Contract Quantity	Monthly	\$0.0686	\$0.2038	<b>N</b>
FSS Injection/Withdrawal Commodity Rate		\$0.0498	\$0.0981	<b>N</b>
Overrun Storage Service Rate		\$0.2152	\$0.3043	<b>N</b>
Excess Storage Service Charge:		\$0.0686	\$0.2038	<b>N</b>

b)    Subject to the Injection/Withdrawal Fuel Use Percentage as set out Section 35.3.a.

c)    Billings may be subject to the Regulatory Cost Charge as provided for in Section 35.4.b., Well Maintenance Surcharges as provided for in Section 38 and local sales taxes.

d)    Volumetric Pricing of Gas:  
 In the event that it either is required or becomes standard practice in the Cook Inlet to price Gas using the heating value of such Gas (i.e., on a MMBtu basis) as opposed to a volumetric basis (i.e., on a Mcf basis) the Gas under this Tariff will be priced on a MMBtu basis. Unless and until such conversion occurs, for pricing purposes, it shall be assumed that each Mcf of Gas contains one (1) MMBtu.

**Cook Inlet Natural Gas Storage Alaska, LLC**

35.2	RATE SCHEDULE ISS - INTERRUPTIBLE SERVICE		
	As provided for in Section 5.3.		
a)	Statement of ISS Rates:		T
		Initial Capacity Tariff Rate per Mcf	2023 Expansion Tariff Rate per Mcf
			C,N C,N N N
	ISS Rate	\$0.2340	\$0.4100
			N
	ISS Injection/Withdrawal Commodity Rate	\$0.0498	\$0.0981
			N
b)	Subject to the Injection/Withdrawal Fuel Use Percentage as set out in Section 35.3.a.		
c)	Billings are subject to the Regulatory Cost Charge as provided for in Section 35.4.b, Well Maintenance Surcharges as provided for in Section 38 and may also be subject to local sales taxes.		
d)	Volumetric Pricing of Gas: In the event that it either is required or becomes standard practice in the Cook Inlet to price Gas using the heating value of such Gas (i.e., on a MMBtu basis) as opposed to a volumetric basis (i.e., on a Mcf basis) the Gas under this Tariff will be priced on a MMBtu basis. Unless and until such conversion occurs, for pricing purposes, it shall be assumed that each Mcf of Gas contains one (1) MMBtu.		

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### SECTION 37 CREDITING OF NON-FIRM REVENUES TO FSS CUSTOMERS

37.1 Pursuant to Order U-18-043(15), this Section 37 is effective for Non-Firm revenues billed on or after August 16, 2019.

37.2 The Company will share 100% of certain Non-Firm revenues collected with its FSS Customers on a monthly basis.

a) The FSS revenues eligible to be shared will be revenues charged under the “Overrun Storage Service Rate” and the “Excess Storage Service Charge” set out in Section 35.1 of this Tariff. The ISS revenues eligible to be shared will be revenues charged under the “ISS Rate” and the “ISS Injection/Withdrawal Commodity Rate” set out in Section 35.2 of this Tariff and any related interest charged on unpaid balances. This will begin with the revenues billed in the first month following the effective date of this Section 37 (“Eligible Non-Firm Revenue”).

b) Related Regulatory Cost Charges, and sales taxes will not be shared.

c) Only Eligible Non-Firm Revenue that has been collected from Customers will be shared.

37.3 At the beginning of each month, prior to the billing of its FSS Customers, the Company will identify the amount of Eligible Non-Firm Revenue related to Initial Capacity Tariff Rates and 2023 Expansion Tariff Rates that was collected in the previous Month (if any). **C**  
**C**

a) The collected Eligible Non-Firm Revenues will be the amount to be shared with the FSS Customers (“Shared Amount”).

b) The Shared Amount collected from Eligible Non-Firm Revenue from Initial Capacity Tariff Rates will be shared with Initial Capacity Customers. The Shared Amount collected from Eligible Non-Firm Revenue from 2023 Expansion Tariff Rates will be shared with Expansion Customers. **N,C**  
**N,C**  
**N,C**  
**N,C**

c) The Shared Amount for the Month will be allocated to the FSS Customers on a pro rata basis measured by contracted Maximum Storage Quantity (“MSQ”) and Contract Withdrawal Quantity (“CWQ”), with a 50% weight on each of the capacity reservation factors. The contracted MSQ and CWQs are set out in the Appendix A to each FSS Agreement.



## Cook Inlet Natural Gas Storage Alaska, LLC

G. Cost Allocation: Once the annual RR has been determined as provided in A-F above, it shall be allocated between fixed costs and variable costs using the same cost classification ratios that were approved or accepted in the Company's last Concluded General Rate Case.

1. For example, if the cost of service allocation approved or accepted in the Company's last Concluded General Rate Case allocated 99% of the RR to fixed cost and 1% to variable cost, then the RR for the FRMAR calculated in a-f above would also be allocated 99% to fixed costs and 1% to variable costs.

H. Derivation of FSS Storage Service Rates: FSS Storage Service Rates for Initial Capacity Tariff Rates and for 2023 Expansion Tariff Rates shall be calculated from the appropriate RR consistent with the methodology approved or accepted in the Company's last Concluded General Rate Case. The billing units used will be the appropriate approved FSS Agreement contract quantities (CWQ and MSQ) in effect during the period in which the rates will likely be in effect. **C**  
**C**  
**C**  
**C**

1. FSS Reservation Rate: Unless it is calculated differently in the Company's last Concluded General Rate Case, the FSS Reservation Rate shall be calculated by taking 50% of the RR fixed costs calculated in G. above, divided by the total FSS CWQ in effect for the period for all approved FSS Agreements, divided by 12 ((RR fixed costs X 50%)/total FSS CWQ/12 months).
2. FSS Capacity Rate: Unless it is calculated differently in the Company's last Concluded General Rate Case, the FSS Capacity Rate shall be calculated by taking 50% of the RR fixed costs calculated in G. above, divided by the total FSS MSQ in effect for the period for all approved FSS Agreements, divided by 12, divided by 1,000,000 ((RR fixed costs X 50%)/total FSS MSQ/12 months/1,000,000).

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3. FSS Injection/Withdrawal Commodity Rate: Unless it is calculated differently in the Company's last Concluded General Rate Case, the FSS Injection/Withdrawal Commodity Rate shall be calculated by taking 100% of the RR variable costs calculated in G. above, divided by the total amount of all FSS injections and withdrawals for the Test Year.
  4. Overrun Storage Service Rate: Unless it is calculated differently in the Company's last Concluded General Rate Case, the FSS Overrun Storage Service Rate shall be calculated by taking the FSS Reservation Rate calculated in 1. above, divided by 30.4 (average number of days in a month), then adding the FSS Injection/Withdrawal Commodity Rate calculated in 3. above.
  5. Excess Storage Service Charge: Unless it is calculated differently in the Company's last Concluded General Rate Case, the Excess Storage Service Charge shall be the FSS Capacity Rate calculated in 2. above.
- I. Derivation of ISS Storage Service Rates: ISS Storage Service Rates for Initial Capacity Tariff Rates and for 2023 Expansion Tariff Rates shall be calculated consistent with the methodology approved or accepted in the Company's last Concluded General Rate Case. **C**
1. ISS Rate: Unless it is calculated differently in the Company's last Concluded General Rate Case, the ISS Rate shall be calculated by taking the appropriate FSS Reservation Rate calculated in H.1. above, divided by 30.4 (average number of days in a month), then adding the appropriate FSS Capacity Rate calculated in H.2. above. **C**
  2. ISS Injection/Withdrawal Commodity Rate: Unless it is calculated differently in the Company's last Concluded General Rate Case, the ISS Injection/Withdrawal Commodity Rate shall be the appropriate FSS Injection/Withdrawal Commodity Rate calculated in H.3. above. **C**

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### 40.4 FRMAR Schedules

In addition to the tariff advice letter, the FRMAR filing shall include the following:

- A. Schedules of Test Year Normalized Operating Revenues and Expenses, Rate Base, Weighted Cost of Capital, and Normalized Test Year Revenue Requirement by the appropriate RR in similar format to the first four pages of the Company's 275(a) schedules and its Derivation of Rates provided in Docket U-18-043. **C**
- B. A schedule and explanation of all normalizing, annualizing, pro forma, and known and measurable change adjustments by the appropriate RR. **C**
- C. A schedule and explanation of all amortized expenses by the appropriate RR. **C**  
**C**
- D. A schedule in a format similar to the relevant portions of RCA Form 201 that delineates total operating revenue and the relevant equivalent expense categories from pages 317-325 of the FERC Form 2 that include current year balances, previous year balances, and percent variance, as well as an explanation for each account that increased or decreased more than 10 percent from the previous 12-month period.
- E. A schedule that includes ENSTAR Natural Gas Company's ("ENSTAR") total administrative and general expenses and then the amounts allocated to ENSTAR'S construction, Alaska Pipeline Company construction, CINGSA, and reimbursable construction.
- F. A schedule showing the approved FSS Agreement contract quantities (CWQ and MSQ) by the appropriate RR in effect during the test period and, if different, contract quantities in effect during the period in which the rates will likely be in effect. **C**
- G. Tariff sheets showing any proposed adjustments to the Company's rates.